

Mr. Stephen P. Polak, President
York Place
234 Kings Mountain Street
York, South Carolina 29745-1131

Re: AC# 3-YKP-J8 - York Place

Dear Mr. Polak:

The accompanying report has been prepared by our office based on your Medicare Cost Report Form HCFA-2552-96 submitted to the Department of Health and Human Services for the cost report period October 1, 1997 through September 30, 1998. That report was used to set the rate covering the contract periods beginning July 1, 1999.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/sag

cc: Ms. Sheila Rivers
Mr. Jeff Saxon
Mr. Robert M. Kerr

Mr. Stephen P. Polak, President
York Place
234 Kings Mountain Street
York, South Carolina 29745-1131

Re: Draft Report - AC# 3-YKP-J8 - York Place

Dear Mr. Polak:

The accompanying draft report has been prepared by our office. Please review the adjustments as presented.

If you have any questions concerning this report and would like a formal exit conference with the auditors, please write to me regarding the establishment of a meeting date. Your correspondence should include the above referenced control number. Your request for a conference must be made within ten (10) calendar days of your receipt of this report, and the conference must be held within twenty (20) calendar days of your receipt of this report. Any additional documentation in support of allowable cost must be received by our office no later than twenty (20) calendar days after your receipt of this report.

If we do not hear from you within ten (10) calendar days of your receipt of this report, we will assume you do not want an exit conference. In this case, I will reissue this report to you in final form and you will have thirty (30) calendar days in which to file a formal appeal if you so desire.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/sag

cc: Ms. Sheila Rivers
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Sheila Rivers, Director
Division of Family Services
Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Re: Draft Report – AC# 3-YKP-J8 – York Place

Dear Ms. Rivers:

Please review the adjustments contained in the accompanying draft report. If you have any comments or disagreements with the adjustments and resulting computations, please contact me within ten (10) calendar days.

Use of the above referenced control number is requested on any subsequent correspondence pertaining to this report.

If you do not have any comments, it will be assumed you are in agreement with the report and only those concerns of the Provider, if any, will be considered prior to the issuance of the final report.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/sag

cc: Mr. Jeff Saxon
Mr. Robert M. Kerr

**YORK PLACE
YORK, SOUTH CAROLINA**

**CONTRACT PERIODS
BEGINNING JULY 1, 1999
AC# 3-YKP-J8**

**REPORT ON CONTRACT
FOR
PURCHASE AND PROVISION OF
RESIDENTIAL TREATMENT FACILITY SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 3, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with York Place, for the contract periods beginning July 1, 1999, and for the twelve month cost report period ended September 30, 1998, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Medicare Cost Report Form HCFA-2552-96, as filed by York Place, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and York Place dated as of July 1, 1999 as amended. Our findings as a result of these procedures are presented in the Computation of Adjusted Reimbursement Rate and Rate Change section of this report.

Department of Health and Human Services
State of South Carolina
May 3, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

YORK PLACE
Computation of Adjusted Reimbursement Rate and Rate Change
For the Contract Periods Beginning July 1, 1999
AC# 3-YKP-J8

Occupancy Analysis

	<u>Total</u>
Total Residential Treatment Facility (RTF) Beds	<u>40</u>
Available Bed Days	<u>14,600</u>
Actual RTF Days	<u>10,108</u>
Actual or 84% of Available Bed Days	<u>12,264</u>

All-Inclusive Cost Data

Total Costs - Adults & Pediatrics		\$2,867,002
Drug Add-on		<u>55,891</u>
Total RTF Costs		<u>\$2,922,893</u>
Interim reimbursement rate (1)		\$ 292.90
RTF XIX Cost per Day (\$2,922,893/12,264)	\$238.33	
Mid-Year to Mid-Year Inflation	<u>4.58%</u>	<u>249.25</u>
(4/01/98 - 12/31/99)		
FY 1999-2000 RTF Reimbursement Rate		
Decrease in reimbursement rate		\$ <u>43.65</u>

(1) Interim reimbursement rate from DHHS

YORK PLACE
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
AC# 3-YKP-J8

<u>Cost Center</u>	<u>Totals</u> <u>(From Form HCFA 2552)</u>	<u>Debit</u>	<u>Credit</u>	<u>As Adjusted</u>
<u>General Costs</u>				
Depreciation	\$ 98,213	\$ -	\$ -	\$ 98,213
Fringe Benefits	422,036	-	-	422,036
Admin & General	206,745	1,696 (3)	5,319 (1) 7,974 (2)	195,148
Maintenance	197,655	140 (3)	-	197,795
Dietary	82,933	69 (3)	-	83,002
Social Services	348,756	194 (3)	-	348,950
Other General Services	221,341	201 (3)	-	221,542
<u>Inpatient Routine Costs</u>				
Adults & Pediatrics	<u>1,300,316</u>	<u>-</u>	<u>-</u>	<u>1,300,316</u>
Subtotal	2,877,995	2,300	13,293	2,867,002
<u>Non-reimbursable costs</u>				
Fundraising	113,256	-	433 (3)	112,823
Subprovider - Group Home	<u>488,953</u>	<u>-</u>	<u>1,867 (3)</u>	<u>487,086</u>
Total Costs	<u>\$3,480,204</u>	<u>\$2,300</u>	<u>\$15,593</u>	<u>\$3,466,911</u>
Total Days	<u>10,108</u>	<u>2,156 (4)</u>	<u>-</u>	* <u>12,264</u>

* Adjusted to 84% occupancy

YORK PLACE
Adjustment Report
For the Cost Report Period Ended September 30, 1998
AC# 3-YKP-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fund Balance Administrative & General To adjust Bad Debts to Allowable HIM-15-1, Section 300	\$ 5,319	\$ 5,319
2	Fund Raising Events Revenue Administrative & General To offset fund raising revenue against related expense HIM-15-1, Sections 2102.3 and 2328	7,974	7,974
3	Administrative & General Maintenance & Repairs Dietary Social Services Other General Services Group Home Fund Raising To remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19A	1,696 140 69 194 201	1,867 433
4	<u>MEMO ADJUSTMENT</u> To increase Residential Treatment Facility days by 2,156 for a total of 12,264 State Plan, Attachment 4.19A		
	TOTAL ADJUSTMENTS	<u>\$15,593</u>	<u>\$15,593</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.